

ORIGINAL



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BEFORE THE ARIZONA CORPORATION COMMISSION

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Arizona Corporation Commission

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COMMISSIONERS

KRISTIN K. MAYES

CHAIRMAN

GARY PIERCE

PAUL NEWMAN

SANDRA D. KENNEDY

BOB STUMP

**IN THE MATTER OF THE
APPLICATION OF F. WAYNE &
DOROTHY THOMPSON DBA WEST
VILLAGE WATER CO., FOR A RATE
INCREASE**

Docket No. W-01589A-08-0622

03211

**RESPONSE TO
LETTER OF DEFICIENCY**

West Village Water Company ("West Village" or "Company"), hereby responds to Arizona Corporation Commission Staff's Letter of Deficiency, as follows:

1.1 Page 6 states total number of customers is 53. Page 17 states number of customer meters is 54. Page 18 states total number of customers is 53. Please reconcile.

Ans. During the Test Year ending December 31, 2007, the Company had 54 customers during the first few months of the year. During the Test Year, they lost one customer and had 53 customers at the end of the year. The customer amount of 53 as reflected on pages 6 and 18 is correct for the end of 2007. The amount of customer meters reflected on page 17 is also correct at 54, as one meter is standing idle waiting for a new customer to move in and activate service.

1.2 Page 6 states 3,316,900 gallons sold. Page 18 states 2,484, 128 gallons sold. The gallons sold should be the same amount on each page. Please reconcile.

Ans. The correct number of gallons sold in the Test Year was 2,484,128. The corrected page 6 is set forth in Attachment A.

1.3 Pages 2 through 8 of the rate application shows the test year ended as December 31, 2008. The balance of the application pages show test year ended as December 31, 2007. Please correct and reconcile.

Ans. The Test Year ended on December 31, 2007. The corrected pages 2 through 8 are set forth in Attachment A.

1.4 Please submit the certificate of compliance letter of good standing from the Arizona Department of Revenue.

Ans. The Arizona Department of Revenue letter of good standing is anticipated soon. When the Company receives this letter, it will be filed in this case.

MOYES SELLERS & SIMS

Steve Wene
Steve Wene
Attorneys for West Village Water Company

Original and 13 copies of the foregoing
filed this 12 day of February, 2009, with:

Docket Control
Arizona Corporation Commission
1200 West Washington
Phoenix, Arizona 85007

1 Copy of the foregoing mailed this
2 12 day of February, 2009, to:

3 Charles R. Myhlhousen
4 Arizona Corporation Commission
5 1200 West Washington Street
6 Phoenix, Arizona 85007

7 Lyn Farmer, Hearing Division
8 Arizona Corporation Commission
9 1200 West Washington Street
10 Phoenix, Arizona 85007

11 Delbert Smith, Engineering
12 Arizona Corporation Commission
13 1200 West Washington Street
14 Phoenix, Arizona 85007

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ATTACHMENT A

1 **BEFORE THE ARIZONA CORPORATION COMMISSION**

2
3 **COMMISSIONERS**

4 KRISTIN K. MAYES

5 CHAIRMAN

6 GARY PIERCE

7 PAUL NEWMAN

8 SANDRA D. KENNEDY

9 BOB STUMP

10 **IN THE MATTER OF THE**
11 **APPLICATION OF F. WAYNE &**
12 **DOROTHY THOMPSON DBA WEST**
13 **VILLAGE WATER CO., FOR A RATE**
14 **INCREASE**

Docket No. W-01589A-08-0622

RATE APPLICATION

15 Test Year Ended: **December 31, 2007.**

16 **ORIGINAL APPLICATION PACKAGE ITEMS**

- 17 1. The Arizona Department of Environmental Quality ("ADEQ") compliance status
18 report. **See Exhibit 1.**
- 19 2. The Arizona Department of Revenue ("ADOR") certificate of compliance letter
20 of good standing. **See Exhibit 2.**
- 21 3. The utility's most recent ADEQ annual sampling fee invoice for its Monitoring
22 Assistance Program. **See Exhibit 3.**
- 23 4. Invoices for each plant asset purchase in excess of \$150 for the Test Year, as well
24 as all of the intervening years since the utility's prior Test Year as itemized on
25 page 13. **See Exhibit 4.**

**Please provide 3 packets with copies of the following information to support
entries on the Income Statement on page 19:**

5. A breakdown by name, position, salary, and duties for the Salaries and Wages
expense. (Acct. 601). **See Exhibit 5.**

6. Invoices for Purchased Water during the Test Year. (Acct. 610). See Exhibit 6.
7. Invoices for Purchased Power during the Test Year. (Acct. 615). See Exhibit 7.
8. Invoices for Repairs and Maintenance in excess of \$150 incurred during the Test Year. (Acct. 620). See Exhibit 8.
9. Invoices for Outside Services in excess of \$150 incurred during the Test Year. (Acct. 630). See Exhibit 9.
10. Invoices for Water Testing during the Test Year. (Acct. 635). See Exhibit 10.
11. Statements from the county for Property Tax expenses incurred during the Test Year. (Acct. 408.11). See Exhibit 11.

GENERAL INSTRUCTIONS

Instructions set forth on page 2 of the Application form intentionally not reproduced.

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NARRATIVE DESCRIPTION OF APPLICATION FOR RATE ADJUSTMENT

Instructions:

Please provide the reasons for your requested rate adjustment by checking the appropriate box(es) below. If desired, the Company may also attach a written narrative regarding its reason for the requested rate adjustment. Your narrative may also include efforts made by the utility to control costs/expenses and/or mitigate the amount of rate adjustment.

☒ Changes in current, compared to past operations, that necessitate the rate adjustment. Please explain:

The Company has not had a Commission approved rate increase since June of 1997. The Company needs to improve its one well and pumping equipment, which is failing routinely and is costly to repair. Further, transmission lines need to be improved as well. The Company has applied to the Water Infrastructure Finance Authority ("WIFA") for a loan to finance the requisite improvements. WIFA has placed the Company on the Priority List for Drinking Water Revolving Fund. But WIFA will not fund the proposed loan until after the Commission authorizes the Company to enter into the loan agreement through a financing application proceeding.

☒ Descriptions and/or calculations of adjustments made to amounts that are included in this application that are different than amounts recorded in your books/ledgers (pro forma adjustments).
Please explain:

None.

☒ Significant factors influencing your revenues, expenses and/or rate base.
Please explain:

None.

☒ Anticipated growth/decline in customers expected in the next two years, the amount of anticipated construction to serve those customers, and how financed; the type of customers served by the utility, e.g. residential, irrigation, small retail businesses, large commercial, etc. Please explain:

The Company does not expect growth and a decline in customers and water demand is likely.

☒ Anticipated construction.
Please explain:

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None.

☒ Efforts made to encourage conservation of water through the proposed rate design
or through other means. Please explain:

The Company proposes a rate design that encourages conservation.

☐ Other factors. Please explain:

[Intentionally left blank]

AFFILIATE RELATIONSHIP

Please indicate a yes or no answer to the questions below and provide an explanation where necessary.

Are any assets owned jointly with any affiliated or subsidiary entities?

☐ YES ☒ NO

If Yes, please provide a description of each jointly owned asset, it's cost, and the percentage of the asset owned by the utility. (Please note the amounts reported on pages 13 and 15 should only include the percentage of plant owned by the utility.)

Not applicable.

Were any of the assets constructed or acquired from an affiliated or subsidiary entities?

☐ YES ☒ NO

If Yes, please identify the affiliated entity, the relationship with the utility, and a detailed listing of all transactions reflected in the Plant accounts. Also include detail for other balance sheet accounts, such as Advances, Contributions in Aid of Construction, inter-company payables and receivables, as well as affiliated revenues and expenses from the Company's Income Statement.

Not applicable.

[Intentionally left blank]

STATEMENTS IN SUPPORT OF RATE REQUEST

Complete the following statements in support of your rate request.

West Village Water Company (the "Company") requests an adjustment in the existing rates charged by the Company. The information contained in this application is based upon a twelve-month Test Year ending **12/31/07** (mm/dd/yy). The Company had total operating revenues of **\$31,935**, served **53** metered and **no** unmetered customers, and sold **2,484,128** gallons of water during the Test Year.

The Company is requesting a(n) increase/decrease in revenues in the amount of **\$99,273**.

Total annual operating revenues, if the Company is granted the rate adjustment, will be **\$131,208**.

The Company is current on all property taxes. ☒ YES ☐ NO

The Company is current on all sales taxes. ☒ YES ☐ NO
(Please use the form in the appendix and see
checklist item 2 on page 1.)

The Company currently has a Curtailment
Plan Tariff on file with the Commission ☐ YES ☒ NO

The Company currently has a Backflow Prevention
Tariff on file with the Commission ☐ YES ☒ NO

The Company notified its customers of its application for a rate adjustment on **December 31, 2007**. **A COPY OF THE NOTICE WITH A NOTARIZED COVER LETTER STATING THE METHOD OF NOTIFICATION, MUST BE ATTACHED.**

See Exhibits 12 and 13.

By completing this application in support of the Company's request for a rate adjustment, the Company realizes that Original Cost Less Depreciation ("OCLD") plant information will be used to determine the fair value rate base, i.e. the Company waives the right to Reconstruction Cost New.

The utility company ownership is one of the following:

- ☒ Sole Proprietorship
- ☐ Partnership
- ☐ "C" Corporation
- ☐ "S" Corporation

Company Name: F. Wayne & Dorothy Thompson dba West Village Water Company	Test Year Ended: December 31, 2007
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- ☐ Limited Liability Corporation ("LLC")
☐ Association—Cooperative
☐ Other, please specify:

Note: If a corporation, please list stockholders and the respective number of shares owned below.

Stockholders	Number of Shares Owned

I have read and completed this application, and to the best of my knowledge all of the information contained herein, and attached to this application, is true and correct.

Name of Authorized Representative (print): Steve Wene	Company Name: Moyes Sellers & Sims
Title: Attorney	Address: 1850 N. Central Ave. Ste. 1100 Phoenix, AZ 85004
Signature:	
Date: 12-31-08	Phone Number: 602-604-2189
E-mail Address: swene@lawms.com	Fax Number: 602-274-9135
Website Address: Not applicable.	

[Intentionally left blank]

CURRENT AND PROPOSED RATES AND CHARGES INSTRUCTIONS

Instructions set forth on page 8 of the Application form intentionally not reproduced.

Moreover, instruction pages 10, 12, and 26 are intentionally omitted from this Application.

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